to overdraw their current account at the Bank of Madras. Under Capital Outlay not charged to Revenue, we had estimated an expenditure of Rs. 4,68,300 for purchase of rolling stock and for the extension of the Railway line to the Valiathurai Pier. The Actuals are expected to be Rs. 86,600 less.

BUDGET ESTIMATES OF 1096.

8. Our Budget anticipations for the ensuing year are of course based on the assumption that normal trade and seasonal conditions will prevail and that there will be no serious set-back in general prosperity. Before dealing with the figures, however, I should like to tell you that the Government have made the following modifications therein since the circulation of the printed Draft Budget.

Receipts. i. Owing to the much larger rentals realised in the recent Abkari auction sales, the estimated revenue under License fee and duty on country liquor, toddy, etc., has been raised from Rs. 21 lakhs to Rs. 22½ lakhs.

ii. The receipts under interest have been increased by a sum of Rs. 25,800, since the investment of B. Rs. fifteen lakhs in the Government of India War Bonds of 1920 has now been decided to be converted into the new 1930 Bonds bearing interest at 6% per annum instead of being withdrawn as originally proposed.

Expenditure. i. A sum of Rs. 1,000 has been additionally provided under '2. Salt Factories—Maintenance of channels', in connection with the opening of the Bar near the Manakkudi Lake.

ii. The recent revision of the pay of the Superintendents and the Higher Grade Second Class Clerks in the Huzur Secretariat has necessitated an addition of Rs. 900 to establishment charges.

iii. A sum of Rs. 15,778 has been additionally provided under '18. Medical and Sanitary—Hospitals and Dispensaries', for the construction of a dispensary at Chavara.

iv. The allotment under '22. P. W. D.—Works—Communications, Original', has been raised by a sum of Rs. one lakh.

v. A temporary Anchal Office having been sanctioned to be opened at Vettikkavala, a sum of Rs. 216 has been provided on account of the establishment charges.

With these modifications, the total revenue of the year is estimated at Rs. 1,85,52,600 and the total expenditure at Rs. 1,83,32,800 leaving a surplus of Rs. 2,19,800. The estimate for Capital Works not charged to Revenue is Rs. 40,700. This gives a net surplus of Rs. 1,79,100, which I believe you will agree with me is not an excessive surplus for a total revenue of nearly two crores.

Revenue.

9. The Budget for Revenue generally follows the Revised Estimates. An increase of over Rs. 3½ lakhs is estimated under Abkari in view mainly of the very large rentals realised in the recent Abkari auction sales. There is only one other item of Revenue showing a substantial increase, *viz.*, Forests, where departmental operations are proposed to be extended, and we are accordingly estimating for an increase of about three-fourths of a lakh under that head over the Revised Estimate for 1095. Under Land Revenue a reduction of revenue is anticipated amounting to nearly Rs. one lakh. Sale of Government lands must diminish in volume as time goes on, and this mainly accounts for the estimated fall under this head.

Expenditure.

10. The expenditure provided for the year is the highest yet proposed. The Budget of 1095 was itself over Rs. nine lakhs in excess of that of the previous year. For 1096 the Budget is again about Rs. ten lakhs over the Revised Estimate for 1095. This may seem a large increase to make, but I would assure the Council that the Budget has been carefully framed by the Government and that this is the minimum sum required, under existing conditions, for the efficient working of the various Departments. It must be remembered that we are living in progressive times and that if we have to keep abreast of the times and provide for a progressive administration we must face an increasing expenditure. Even this larger provision the Government feel is not fully adequate to meet the growing needs of the administration and the situation created by high prices. They feel, for instance, that they should do something to relieve the hard lot of the low-paid Government servants to whom relief has not yet been given, that the P. W. D. should be enabled to spend more on communications and urgent buildings, that the Departments of Industries and Agriculture should be further developed, and that certain services should be reorganised to promote efficiency; and they are determined to devote more money for these purposes should they fortunately find themselves financially in a position to do so. At the same time, the

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Government have not lost sight of the importance of closely scrutinising the strength and cost of the several Departments of the State and effecting retrenchments wherever possible.

The increase in expenditure now provided is participated generally by all the principal spending Departments. An excess of Rs. 2¼ lakhs is allowed under Forests for conducting departmental operations on a more extensive scale. The charges under Stamps are likely to be exceeded by a sum of Rs. three-fourth of a lakh on account of the necessity for increasing the stock of water-marked paper and card boards in view of the growing demand for Stamps and Stamp papers. The allotment for Education is over Rs. 29½ lakhs which is Rs. 4 lakhs in excess of the expected expenditure for 1095. It is noteworthy that 16% of the entire State Revenue is now spent on education, The need for the advancement of education cannot be questioned and any amount judiciously spent on it is an asset to the State as the future development and prosperity of the State depend on the education of its people. Travancore may well be proud of the fact that she stands in the forefront of educational progress in India. The Agricultural Department was given a lump allotment of Rs. 40,000 in 1095 for its development and increased usefulness to the ryot. A sum of Rs. 50,000 is provided for 1096 for its further development. The reduction under Stationery is due to the fact that, since the arrears due to the Stationery contractor will be paid off during the current year, only the normal expenditure is expected during 1096. The allotment for P. W. D. is nearly the same as in the Revised Estimate and the provision is in excess of the original budget grant of 1095 by Rs. 2,31,700. It is a matter for regret that we are not at present in a position to make a larger provision for expenditure on works and communications.

CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.

11. An allotment of Rs. 40,700 only is provided for completing the construction of the Railway Line as far as the Valiathurai Pier.

WAYS AND MEANS.

12. The estimated opening cash balance at the beginning of 1096 is Rs. 71,18,700. The excess of Revenue over Ordinary Expenditure in that year is expected to be Rs. 2,19,800; while the net result of the Debt and Deposit transaction is anticipated to decrease the cash balance by a sum of Rs. 20,79,900, it being proposed to discharge in 1096 the loan of B. Rs. 25 lakhs due to the Bank of Madras. The Capital Expenditure not charged to Revenue will further reduce the cash balance by a sum of Rs. 40,700. The combined result of all the above transactions is to reduce the cash balance to Rs. 52,17,900 at the close of 1096. This sum will, it is expected, be adequate for the requirements of the next year, especially in view of the fact that the surplus investments of the Darbar amount to Rs. 77,73,100 and they will be available for any real emergency."

Mr. Krishna Aiyangar:—

"Sir,

Before proceeding with my observations on the Budget just presented, kindly permit me, sir, to tender you our respectful felicitations on your appointment by our Sovereign, as President of this Council. More than thirty years have elapsed since the Council was created and for the first time to-day in its history the Council is given the privilege of discussing the State Budget. It is no doubt a valuable privilege as you remarked. In the exercise of this privilege, however, the Members on this side of the House are seriously handicapped through lack of facilities of access to Departmental Reports and Budgets and other papers on which the Draft Budget put into our hands was prepared by Government. Under the circumstances, the criticism of Non-Official Members cannot always be well-informed and we cannot reasonably hope to effectively influence the administration of the State funds. I would suggest for your earnest consideration the desirability of creating a Finance Committee composed of Official and Non-Official Members of this Council to consider questions of Taxation and Retrenchment and preparation of the Budget, before the Budget is formally introduced into the Council. I believe an informal round table conference of such a Committee with all relevant papers at its disposal will be of very great use. Confidence will beget confidence and knowledge will inspire greater responsibility. The criticism of Non-Official Members will be intelligent and constructive and their co-operation whole-hearted. I am aware, sir, that Regulation I of 1095 does not provide for the appointment of the Finance Committee. Such appointment, however, is not opposed to the Statute. It is open to you, sir, as the Head of the Administration to order its creation. I commend the proposal for your sympathetic consideration. Now passing on to the Budget estimate for 1096, I may at the outset be permitted to congratulate the Government on the sound condition of its Finances

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